A36.97:68

THE Fats and Oils SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

FOS-68 BAE OCTOBER 1942

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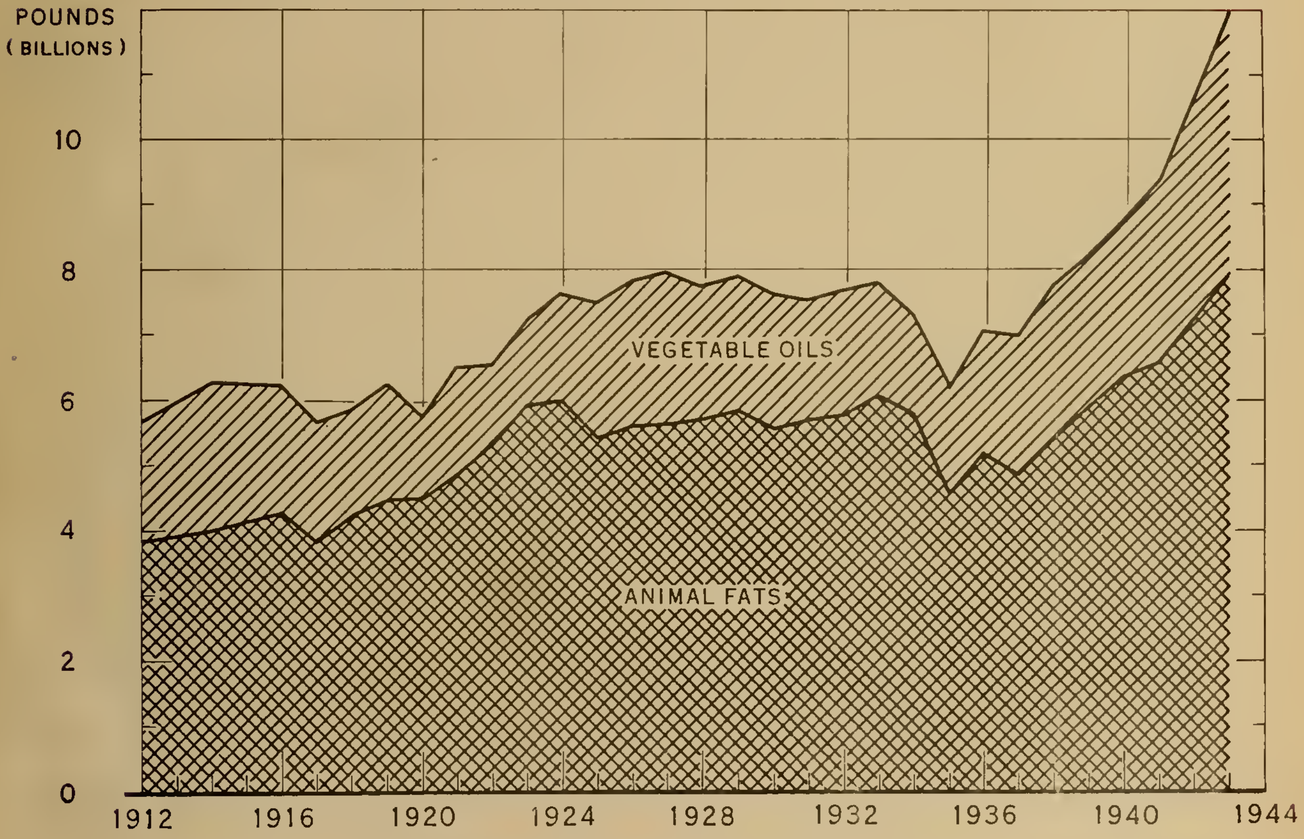
1943 OUTLOOK ISSUE

PRODUCTION OF ANIMAL FATS AND VEGETABLE OILS FROM DOMESTIC MATERIALS, UNITED STATES, 1912-43



DATA FOR 1942 ARE PRELIMINARY, 1943 ARE ESTIMATED

U. S. DEPARTMENT OF AGRICULTURE NEG. 42653 BUREAU OF AGRICULTURAL ECONOMICS

The record 1942 crop of oilseeds and the rising output of livestock products will be reflected in further substantial increases in production of fats and oils from domestic materials in 1942 and 1943. In 1943 production from domestic materials may reach 12 billion pounds, compared with 10.6 billion pounds in 1942 and 9.4 billion pounds in 1941. Vegetable oils have constituted an increasing proportion of total production in recent years. During 1942 the United States shifted from a net importing to a net exporting basis for fats and oils.

Table 1.- Wholesale price per pound of fats and oils at specified markets, and index numbers of prices, September 1940 and 1941, July-September 1942

PRICES

Item	September		1942		
	1940	1941	July	August	September
	Cents	Cents	Cents	Cents	Cents
Butter, 92-score, Chicago	27.6	36.6	37.6	40.9	43.2
Butter, 92-score, New York	28.5	36.9	38.2	41.4	43.9
Oleomargarine, dom. veg., Chicago	14.5	16.5	19.0	19.0	19.0
Compounds (animal and veg. cooking fats), Chicago	8.8	15.9	17.0	17.0	17.0
Lard, loose, Chicago	5.1	10.6	11.9	11.9	11.9
Lard, prime steam, tierces, Chicago	4.8	10.7	12.8	12.9	12.9
Lard, refined, cartons, Chicago	6.5	12.4	14.5	14.5	14.5
Oleo oil, extra, tierces, Chicago	7.0	10.5	13.0	13.0	---
Oleostearine, bbl., N.Y.	5.7	9.8	10.5	10.5	10.5
Tallow, edible, Chicago	4.3	9.0	9.9	9.9	---
Corn oil, crude, tanks, f.o.b. mills	5.2	12.4	12.7	12.8	12.8
Corn oil, refined, bbl., N.Y.	7.8	15.6	15.5	15.5	15.5
Cottonseed oil, crude, tanks, f.o.b. S. E. mills	4.8	12.2	12.8	12.8	12.8
Cottonseed oil, p.s.y., tank cars, N.Y.	5.6	13.6	14.0	13.9	13.6
Peanut oil, crude, tanks, f.o.b. mills	5.2	12.7	12.9	12.9	13.0
Peanut oil, com. refined, bbl., N.Y.	8.4	15.8	17.0	17.0	17.0
Soybean oil, crude, tank cars, midwestern mills	3.9	10.5	11.2	11.4	11.7
Soybean oil, dom., crude, drums, N.Y.	5.5	12.1	12.8	13.0	13.0
Soybean oil, refined, drums, N.Y.	6.9	13.2	14.2	14.2	14.2
Babassu oil, tanks, f.o.b. mills, Pacific Coast	---	9.5	---	---	---
Coconut oil, Manila, crude, tanks, f.o.b. Pacific Coast 1/	5.3	9.6	10.8	11.0	11.0
Coconut oil, Manila, crude, bulk, c.i.f. N.Y. 1/	5.8	2/ 10.5	---	11.4	11.4
Coconut oil, Manila, refined, edible, tank cars, f.o.b. N.Y. 1/	---	---	---	3/ 12.8	3/ 12.8
Olive oil, edible, drums, N.Y.	34.8	71.7	61.6	60.4	56.7
Olive oil, inedible, drums, N.Y.	23.2	52.3	56.7	55.5	51.7
Olive-oil foots, prime, drums, N.Y.	8.9	17.0	19.5	19.4	19.0
Palm oil, Niger, crude, drums, N.Y. 1/	6.5	11.2	12.1	12.1	12.1
Rape oil, refined, denatured, drums, N.Y.	15.0	15.6	15.8	16.0	16.0
Rape oil, blown, drums, N.Y.	17.5	17.5	18.2	18.2	18.2
Sunflower oil, tank cars, f.o.b. N.Y.	---	---	---	3/ 14.3	3/ 14.3
Teaseed oil, crude, drums, N.Y.	12.8	26.2	30.0	30.0	30.0
Tallow, No. 1, inedible, Chicago	3.5	8.5	8.4	8.4	---
Grease, A White, Chicago	3.6	8.6	9.0	8.8	8.8
Menhaden oil, crude, tanks, f.o.b. Baltimore	---	7.8	8.9	8.9	8.8
Sardine oil, crude, tanks, Pacific Coast	---	8.0	8.9	8.9	8.9
Whale oil, refined, bleached winter, drums, N.Y.	9.5	11.0	11.1	11.1	11.1
Linseed oil, raw, tank cars, Minneapolis	7.7	10.3	12.6	12.5	12.2
Linseed oil, raw, drums, carlots, N.Y.	8.5	11.4	13.8	13.6	13.5
Perilla oil, crude, drums, N.Y.	17.6	22.6	24.6	24.5	24.5
Oiticica oil, drums, N.Y.	19.0	22.2	25.1	25.0	25.0
Tung oil, drums, N.Y.	26.3	35.5	39.6	39.0	39.0
Castor oil, No. 3, bbl., N.Y.	10.8	11.8	13.8	13.8	13.8
Castor oil, No. 1, tanks, N.Y.	10.5	11.0	13.0	13.0	13.0
Castor oil, dehydrated, drums, carlots, N.Y.	13.6	16.5	18.6	18.6	18.6
Cod-liver oil, med. U.S.P. bbl., N.Y.	31.5	38.0	36.4	36.4	36.4
Cod oil, Newfoundland, drums, N.Y.	8.0	10.5	12.0	12.0	12.0
INDEX NUMBERS (1924-29 = 100)					
Eight domestic fats and oils (1910-14 = 100)	79	124	133	139	143
Eight domestic fats and oils	56	88	94	98	101
All fats and oils (27 items)	61	96	101	105	107
Grouped by origin:					
Animal fats	57	84	89	95	99
Marine animal oils	86	117	127	127	127
Vegetable oils, domestic	58	122	129	128	126
Vegetable oils, foreign	86	142	148	147	145
Grouped by use:					
Butter	63	83	86	93	98
Butter, seasonally adjusted	62	82	92	96	97
Lard	37	82	97	98	98
Other food fats	62	135	136	135	132
All food fats	59	92	96	101	104
Soap fats	56	116	120	119	119
Drying oils	86	116	136	135	134
Miscellaneous oils	91	103	116	117	117
All industrial fats and oils	70	115	126	125	125

Prices compiled from Oil, Paint and Drug Reporter, The National Provisioner, The Journal of Commerce (New York), and reports of the Agricultural Marketing Administration and Bureau of Labor Statistics. Prices quoted include excise taxes and duties where applicable. Index numbers for earlier years beginning 1910 are given in Technical Bulletin No. 737 (1940) and The Fats and Oils Situation beginning December 1940.

1/ Three-cent processing tax added to price as originally quoted. 2/ Tanks, N.Y. 3/ Quoted in drums.

THE FATS AND OILS SITUATION

Summary

Production of fats and oils from domestic materials is expected to total nearly 12 billion pounds in 1943, greatly exceeding all previous records. Requirements for domestic fats and oils also will be larger than ever before, reflecting the loss of imports of coconut, palm, and tung oils from the Far East and the large exports of lard and domestic vegetable oils under lend-lease. The United States has shifted recently from the position of net importer to that of net exporter of fats and oils.

The per capita supply of food fats and oils for civilian use in 1943 probably will be about as large as the average for recent years. But with industrial employment and income increasing, and with retail price ceilings in effect, the quantity demanded may be moderately larger than the available supply. A considerable reserve exists, however, in wasted meat fat, much of which could be recovered in the kitchen for use in cooking.

To provide a strategic reserve supply of primary fats and oils, the War Production Board recently issued an order restricting the use of these commodities by major manufacturers to specified percentages of the 1940-41 average use. The manufacture of butter and lard is not affected by the order. The use of fats in the manufacture of edible products for military use and all products for lend-lease also is unrestricted. Factory and warehouse stocks of fats and oils, which have declined in the past 2 years to less than 2 billion pounds, are expected to be built up to about 3 billion pounds in the next 10 or 12 months. An additional 300 or 400 million pounds of fats probably will be held in reserve for future contingencies in the form of uncrushed soybeans.

OCTOBER 1942

With the recent extension of price controls to butter, wholesale and retail prices of all fats and oils except linseed oil are now covered by ceiling orders. Prices in 1943 are likely to approach or reach ceiling levels. Linseed oil prices are not likely to advance materially, as comparatively large supplies of flaxseed are available and requirements for paint oils probably will decrease in 1943 with a declining rate of building activity.

Production of vegetable oils in the 1943-44 crop year may be somewhat less than in 1942-43, unless the acreage of vegetable oil crops is materially increased next year. Oilseed yields per acre were unusually high in 1942, and the very favorable weather conditions this year probably will not be repeated next year. Animal-fat production in 1943-44, however, may show some further increase, particularly if the pig crop in 1943 is larger than that in 1942. It may be possible to maintain a 12-billion pound rate of fat production well into 1944, therefore, unless weather conditions are unusually poor next year.

-- October 14, 1942

REVIEW OF RECENT DEVELOPMENTS

BACKGROUND.- Prices of fats and oils, which were unusually low in 1939 and 1940, advanced sharply in the first half of 1941. In the first quarter of 1942 further advances were made, notably by lard and linseed oil. Maximum wholesale prices for fats and oils, except butter, were first established on December 13, 1941, with subsequent revisions. Effective May 18,1942, ceilings were established on retail prices of fats and oils, except butter and linseed oil, at highest prices charged during March 1942.

Butter Placed Under Price Control

As part of the general "freeze" on prices previously exempt from control, the Office of Price Administration established on October 5 temporary ceilings on wholesale and retail prices of butter at highest levels charged during the period September 28 to October 2, 1942. The order runs for a 60-day period, and presumably will be followed by a permanent order setting specific ceiling prices.

The highest wholesale prices quoted for 92-score butter during the period specified were 45.75 cents per pound at Chicago and 46.5 cents per pound at New York. The average price for 92-score butter at Chicago was 43.2 cents per pound in September and 35.2 cents in October last year. Butter prices have advanced very sharply in recent weeks and are now high enough to reflect higher than parity prices to producers.

Ceilings Lowered on Wholesale Prices of Shortening and Refined Edible Oils

Effective September 30, the Office of Price Administration lowered maximum wholesale prices of shortening, salad oils, and cooking oils as well as refined cottonseed, soybean, and peanut oils, approximately 1/2 cent per pound. The "roll-back" on wholesale prices was made because maximum retail prices in many instances were not reflecting replacement costs. The new wholesale price ceilings are set forth in Amendments 7, 8, and 9 to Revised Price Schedule 53, issued September 25. Amendment 7 also establishes new maximum prices for refined corn oil. Revised Price Schedule 92, which previously covered wholesale prices for soybean and peanut oils, has been revoked.

To maintain normal margins for processors, refiners, and crushers, a reduction in existing ceilings on prices of crude oils and oilseeds would have been necessary in the absence of arrangements previously made by Commodity Credit Corporation to purchase crude oil from cooperating refiners at ceiling prices for subsequent resale to such refiners at a reduction of 1/2 cent per pound. The net effect of these actions is to lower the price structure, from processors' selling prices for manufactured products to refiners' buying prices for crude oil by 1/2 cent per pound, but to maintain crushers' maximum selling prices for crude oil and the previoudly announced support prices for oilseeds.

Key prices established by the new amendments are shown in the following table:

Table 2.- Maximum prices of specified fats and oils under Amendments 7, 8, and 9 to Revised Price Schedule 53, effective September 30, 1942

Item	Unit	Maximum price
		Cents
Standard shortening in 1-lb. cartons, specified leading brands, carload or other large lots, delivered to Northern points	Pound	17.2
Hydrogenated shortening in 3 or 6-lb. airtight containers, specified leading brands, carload or other large lots, delivered	"	16.1
Salad oil in 1-gal. cans, specified leading brands, carload or other large lots, delivered to Northern points	Gallon	136.7
Cooking oil in 1-gal. cans, specified leading brands, carload or other large lots, delivered to Northern points	"	132.5
Cottonseed oil, crude, tankcars, f.o.b. Southeastern mills	Pound	12.75
Cottonseed oil, bleachable prime summer yellow, tankcars, delivered, New York City	"	13.95
Cottonseed oil, deodorized, white summer, tankcars, delivered, New York City	"	14.62
Soybean oil, crude, tankcars, f.o.b. Midwestern mills	"	11.75
Soybean oil, deodorized and bleached, tankcars, basis f.o.b. Decatur, Illinois	"	12.87
Peanut oil, crude, tankcars, f.o.b. Southeastern mills	"	13.00
Peanut oil, deodorized white (bleached), tankcars, delivered, New York City	"	15.00
Corn oil, crude, tankcars, f.o.b. Midwestern mills	"	12.75
Corn oil, deodorized and bleached, tankcars, f.o.b. Chicago	"	14.37

Specified maximum prices were established for other cities and areas and other types of products.

Processor Lard Price Ceilings Raised

The maximum price schedule for lard sold by processors was revised upward by the Office of Price Administration, effective October 13, to bring lard prices into line with shortening prices. A basing-point system was set up. Chicago and East St. Louis are the basing points for the Northeast and Kansas City for the Southeast. Multiple basing points are designated for the area west of the Mississippi River. The processor's maximum price for loose lard at Chicago and East St. Louis is now 12.8 cents per pound compared with the previous ceiling at Chicago of 11.9 cents per pound. The new maximum price for other basing points is 12.55 cents per pound. The maximum price for cash lard, Chicago basis, and futures contracts traded on the Chicago Board of Trade is now 13.8 cents per pound compared with the previous ceiling of 12.9 cents. The maximum price for standard commercial refined lard at Chicago is set at 14.55 cents per pound in tierces, or 14.8 cents in 1 pound cartons.

Separate action was taken, effective October 15, to establish alternative ceiling prices to be charged by independent wholesalers and retailers on the basis of fixed percentage mark-ups over replacement costs. This was done to eliminate the squeeze on lard prices at the wholesale and retail levels and to equalize by types of stores the wide variation in retail lard prices. Similar action was taken with respect to cooking and salad oils, and shortening.

Comparable Prices Announced for Soybeans and Oil Peanuts Under Price Control Act

New comparable prices for soybeans and peanuts for oil, and comparable prices for tung nuts, were announced September 25 by the Secretary of Agriculture. These were calculated under section 3 (b) of the Emergency Price Control Act of 1942. The new comparable prices are slightly higher than those calculated under section 4 of Public Law No. 147, 77th Congress, because quota peanuts are included in the list of basic commodities in the new determination. (For explanation of the general method used, see The Fats and Oils Situation, February 1942.)

The new September 15 comparable prices were $1.46 per bushel for soybeans, 3.57 cents per pound for peanuts, and $64.04 per ton for tung nuts. According to the earlier determination, the September 15 comparable price for soybeans was $1.44 per bushel, and for peanuts 3.50 per pound. Comparable prices for tung nuts were not previously calculated. The new base prices (1909-14 equivalents) are as follows: Soybeans, 96 cents per bushel; peanuts, 2.35 cents per pound; tung nuts, $42.13 per ton. Comparable prices may be calculated by multiplying the base prices by the current index number of prices paid by farmers, including interest and tax payments per acre.

Manufacturers' Use of Fats Restricted by General Order

To permit the accumulation of a strategic reserve supply of fats and oils, the War Production Board on September 22 reissued General Preference Order M-71 in amended form. The order as now drawn requires manufacturers of certain products to restrict their over-all use of fats and oils in the period September-December 1942 and in calendar quarters thereafter to specified percentages of average use in corresponding periods of 1940 and 1941.

The percentages of base-period use permitted manufacturers are as follows:

Margarine	110
Other edible finished products, including shortening, mayonnaise, and salad dressings, but excluding products in which fats and oils are not the principal ingredients	90

Soap, except from domestic vegetable oil foots or their fatty acids	90
Soap from foots made from domestic vegetable oils or their fatty acids	119
Paints, varnishes, lacquers and all other protective coatings	80
Linoleum, oilcloth, and oil or oleo resinous coated fabrics, and pyroxylin coated fabrics	70
Printing inks, including lithographing, offset, silk screen, and other processing inks	90

In addition, wholesale deliveries of linseed oil (except deliveries to manufacturers for further processing) are restricted to 80 percent of the base-period deliveries.

The manufacture of butter and lard is not affected by the order. No restriction is placed on the use of fats and oils in a finished food product where the oil is not the principal ingredient of the product. Thus there is no restriction on the baking industry, where shortening is a necessary ingredient, but not the principal one. A blanket exemption is granted to all manufacturers using less than 6,000 pounds of fats and oils in a quarter. The restrictions do not apply to lend-lease orders, or to military purchases of edible products.

Other Recent War Production Board Orders

General Preference Order M-235, effective October 1, forbids the use, consumption, or processing of castor oil without specific authorization from the Director General for Operations of the War Production Board. Such authorization is not required, however, (1) to use, consume, or process 35 pounds or less of castor oil in any calendar month: (2) to press, bleach, or alkali refine any quantity of castor oil; or (3) to use or consume any quantity of castor oil for medicinal purposes. Tung oil, oiticica oil, and rapeseed oil also will be placed under complete allocation control on November 1 by the terms of three recently issued General Preference Orders, M-57 as amended, M-238, and M-77 as amended.

An additional freezing of 25 percent of inventory stocks of coconut, babassu, and palm-kernel oils was ordered for those with 240,000 pounds or more of such oils on hand, in Supplementary Order M-60-a of the War Production Board, effective September 16. Twenty-five percent of all imports of these oils or of the oil equivalent of imported copra, palm kernels, and babassu nuts and kernels is also ordered to be set aside as a reserve. This action was taken to add to the nation's stock pile of high lauric acid oils reserved for urgent war needs. Order M-60, issued in March, froze 25 percent of inventories exceeding 30,000 pounds and applied to all high lauric acid oils.

Purchases of Fats and Oils for United Nations Centralized

The Combined Food Board, created last June by President Roosevelt and Prime Minister Churchill, announced September 28 that an agreement had been reached providing for exclusive purchase of fats, oils, and oilseeds for the United Nations by the United States in certain prescribed regions of the world and by the United Kingdom in other areas. The supplies purchased by these two Governments will be allocated among the United Nations according to the recommendations made from time to time by the Combined Food Board and accepted by the Governments in question. This plan is now in effect.

The agreement provides that the United States will be the exclusive purchaser, on behalf of the Governments adhering to the agreement, of (a) all oilseeds and oils and fats in the North and South American Continents, including the Caribbean islands, with the exception of animal fats in Argentina and Uruguay, (b) copra in Tahiti and all Fighting French Pacific islands, (c) all oilseeds and oils and fats in Portuguese Africa, Spanish Africa, and Liberia.

The United Kingdom will be the exclusive purchaser, on behalf of all the adhering Governments, of (a) all animal fats in Argentina and Uruguay, (b) all oilseeds and oils and fats in British Empire countries except those located in North or South America (including the Caribbean islands); (c) all oilseeds and oils and fats in Fighting French Africa and the Belgian Congo.

Foreign Purchase Program Being Developed

General Imports Order M-63 issued last December prohibited the importation of specified "strategic materials," except by an agency of the Federal Government, without specific authorization of the Director General for Operations. Successive amendments have added fats and oils and oil-bearing materials to the list of strategic materials until all are now included. Meanwhile, Commodity Credit Corporation has been designated the sole Government agency for the importation of fats and oils.

A definite procedure has been established for importers to follow in submitting offers of fats, oils, and oil-bearing materials to Commodity Credit Corporation for importation under the provisions of the General Imports Order. Recently a wartime association of importers to be known as the Emergency Group for Foreign Vegetable Oils, Fats and Oil-bearing Materials was organized under the auspices of the Board of Economic Warfare and Commodity Credit Corporation. The Emergency Group will act as exclusive importing agent of Commodity Credit Corporation. For services rendered, the Corporation will pay the Group a fee which will be distributed among the membership in accordance with a base period formula.

Two purchase agreements with Brazil recently were negotiated by the United States. Brazil has agreed to restrict exports of babassu nuts and oil and castor beans and oil to the United States or nations specified by the United States. Commodity Credit Corporation has agreed to purchase the entire exportable surplus of Brazilian babassu kernels and oil, and to purchase a specified quantity of castor seed or oil equivalent at specified prices, f.o.b. Brazilian ports. The agreement provides that if shipping is not available within 30 days after stocks have been offered for export, Commodity Credit Corporation will pay for them and store them in warehouses at Brazilian ports. Importers will act as agents for the Corporation, purchasing and importing for its account.

Domestic Flaxseed to be Crushed in Zone 3 Mills

Flaxseed crushing mills in the New York metropolitan area (Zone 3) normally crush Argentine flaxseed exclsuively because they cannot compete for domestic seed with mills close to the main domestic producing areas. As a result of the war, however, Argentine flaxseed is not at present being delivered to East Coast ports. To keep East Coast mills in operation and to help get the large 1942 domestic crop of flaxseed crushed, Commodity Credit Corporation has authorized mills in Zone 3 to crush a quantity of domestic flaxseed equal to 1 month's crushing capacity. The Corporation will pay these mills an amount equal to about three-fourths of their freight disadvantage with mills in Zone 1, provided the mills have signed contracts under the Corporation's program for flaxseed and provided the seed is shipped from west of Chicago at the lowest available rate and with the Corporation's prior approval. Later in the season arrangements will be made for shipping in Canadian flaxseed.

Government Purchases of Fats and Oils Small in September

Purchases of fats and oils by the Agricultural Marketing Administration in the 4 weeks ended September 26, totaled about 41 million pounds, the smallest quantity purchased in any month in 1942. Items included were 21 million pounds of margarine, 14 million pounds of lard, 3 million pounds of butter, 2 million pounds of edible tallow, and smaller quantities of salad oils and fish-liver vitamin A oils. Lard purchases are expected to be greatly increased later this fall, when record marketings of hogs are anticipated. Production of lard was seasonally small in September. Lard stocks are now unusually low.

OUTLOOK FOR 1943

Domestic Production of Fats at Record Level

Production of fats and oils from domestic materials is expected to total nearly 12 billion pounds in 1943 compared with about 10.6 billion pounds in 1942, 9.4 billion pounds in 1941, and an average of 7.8 billion pounds in the 5 years 1936-40. The estimate for 1943 is based partly on the record output in prospect for the 1942-43 crop year and partly on the assumption of normal growing conditions next year. If approximately the same acreages of oil crops are harvested in 1943 as in 1942, production of vegetable oils in the 1943 crop year may be somewhat less than in the current crop year. But animal-fat production, particularly lard, probably will be greater. Yield per acre for vegetable oil crops was unusually high in 1942.

The increase in production in 1942 and 1943 is being shared about equally between animal fats and vegetable oils. (Table 4.) Principal items showing gains among the animal fats are lard, tallow, and greases, mainly as a result of increased hog and cattle slaughter and partly as a consequence of the household fat salvage program. Increases in the vegetable field are occurring chiefly in soybean, peanut, and linseed oils. These are being made largely in response to the Government expansion program. Acreage goals for soybeans and flaxseed in 1942 were exceeded. The peanut goal was not fully reached, but peanut acreage was more than doubled from 1941 to 1942.

Not only has domestic demand for fats and oils increased, but the United States recently shifted from a net importing to a net exporting basis for fats and oils. This has occurred partly as a result of loss of imports from the Far East and scarcity of shipping on other routes, and partly because of large lend-lease requirements for lard and other fats and oils.

Demand for Fats and Oils Increasing; Consumption to be Restricted by Allocation Order

Under the terms of the recent War Production Board allocation order (M-71), domestic disappearance of primary fats and oils for civilian and military use in 1943, including butter and lard, is expected to total about 10.3 billion pounds. This would compare with a total domestic disappearance of 9.8 billion pounds in 1940, 11 billion pounds in 1941, and perhaps 10.5 billio pounds in 1942.

Although disappearance of primary fats and oils apparently has been less in 1942 than in 1941, the actual use of fats and oils by final consumers undoubtedly has been greater. During 1941 a sharp rise in prices occurred which was accompanied by considerable overstocking of finished fats and oils on the part of dealers and large consumers. Except for soap, most of the excess inventories apparently have been worked off during the current year.

Civilian and military disappearance of fats and oils for food purposes, including butter and lard, may total about 6.9 billion pounds in 1943 compared with 6.7 billion pounds in 1940 and 6.9 billion pounds in 1941. Probable industrial disappearance of primary fats and oils is placed at 3.4 billion pounds in 1943, compared with 3.1 billion pounds in 1940 and 4.1 billion pound in 1941. Principle reductions in industrial uses under the allocation order will occur in soap and paints.

After allowance for rather large military needs, it appears that about 50 pounds of fats and oils per capita will be available for civilian food consumption under the allocation order in 1943. This is not greatly different from the per capita disappearance of about 52 pounds in 1941, 50 pounds in 1940, and the average of 49 pounds in the 5 years 1935-39. But if present retail price ceilings are maintained, civilian consumers may demand as much as 53 to 55 pounds of food fats and oils per capita in 1943 due to increased income available for the purchase of foods.

Reserve Supply of Fats and Oils to be Built Up

To meet such contingencies as further material increases in lend-lease requirements, additional losses in imports, or reduced domestic production, the Food Requirements Committee last June recommended that factory and warehouse stocks of primary fats and oils be built up to a total of 3.5 billion pounds. Approximately 2 billion pounds of this total would be held by processors and distributors in the normal course of their operations. The rest would be acquired by the Government, principally by Commodity Credit Corporation, and held until needed as an emergency reserve. Factory and warehouse stocks of primary fats and oils totaled about 1.9 billion pounds on September 1, 1942. Under the allocation order and on the basis of present prospects for supplies and for military and lend-lease requirements, such stocks are expected to reach a total of about 3 billion pounds during the second half of 1943. Excess stocks of 1942-crop soybeans to be held over into the 1943 crop year will bring total stocks, in terms of oil, up to about 3.5 billion pounds. Presumably the stock position will be the controlling factor in subsequent allocations of fats and oils for domestic use. As indicated in the following table, stocks have been reduced during the past 2 years.

Table 3.- Factory and warehouse stocks of specified fats and oils, crude basis, June 30, 1940-42, July 31 and August 31, 1942

Item	June 30, 1940	June 30, 1941	1942		
			June 30	July 31	August 31
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Animal fats and oils					
Butter	81	120	117	149	152
Lard and rendered pork fat	307	383	102	98	83
Greases, excl. wool grease	118	110	97	101	103
Neatsfoot oil	2	2	3	3	3
Oleo oil	6	8	10	7	5
Stearine, animal, edible	5	6	6	4	3
Tallow, edible	8	9	12	11	13
Tallow, inedible	314	289	237	263	258
Wool grease	4	7	5	5	5
Cod and cod-liver oil	23	14	11	12	13
Other fish-liver oil	1/	1/	1/	4	3
Fish oil	86	70	98	98	118
Marine mammal oil	59	39	52	48	45
Total, animal	1,013	1,057	749	804	803
Vegetable oils, crude basis 2/					
Babassu oil	9	6	18	15	13
Castor oil	22	15	35	38	37
Coconut oil	219	192	137	140	136
Corn oil	26	25	50	44	44
Cottonseed oil	661	453	449	368	276
Linseed oil	133	151	226	211	230
Oiticica oil	3/	3/	3/	11	9
Olive oil, edible	9	8	7	7	7
Olive oil, inedible and foots	21	16	13	13	12
Palm-kernel oil	2	6	1	2	2
Palm oil	141	119	110	95	98
Peanut oil	20	58	29	31	24
Perilla oil	5	9	3	3	3
Rape oil	5	10	14	15	17
Soybean oil	104	78	160	156	141
Tung oil	57	37	32	35	33
Other vegetable oils	12	13	35	35	33
Total, vegetable	1,446	1,198	1,319	1,219	1,116
Grand total	2,460	2,255	2,068	2,024	1,919

Compiled from reports of Bureau of the Census, except butter and lard, Agricultural Marketing Administration. Totals are sums of unrounded numbers.

1/ Not reported prior to July 31, 1942.

2/ Crude plus refined converted to crude basis by dividing by the following factors: Babassu, corn, cottonseed, palm-kernel, and palm oils, 0.93; coconut, peanut, and soybean oils, 0.94.

3/ Included in "other vegetable oils."

Prices of Fats and Oils to be Maintained Near Ceiling Levels

The index of wholesale prices of 27 major fats and oils rose 11 percent from September 1941 to September 1942, reaching 107 percent of the 1924-29 average in the latter month. The greatest advances occurred in prices of butter, lard, and linseed oil, which rose about 20 percent during the period. With consumer purchasing power at a record high level throughout the period and with an outlook for relatively short supplies, prices undoubtedly would have risen farther than they did if price ceilings had not been in effect. Prices of fats and oils, except butter and linseed oil, have been subject to wholesale price ceilings since December 13, 1941. Original ceiling prices, however, particularly for lard, have been revised on several occasions.

Advances in the price index since June have been due largely to a rapid rise in the price of butter. Effective October 5, however, butter prices were placed under ceilings at the early October level. Linseed oil is still exempt from ceiling regulations, since the price of flaxseed is below parity. Comparatively large supplies of flaxseed are on hand in relation to the demand for paint oils, and the price of linseed oil is not expected to advance materially in the next several months. In response to the strong demand in prospect, prices of other fats and oils probably will remain at or near ceiling levels in 1943.

With manufacturers' requirements for primary fats and oils limited by the recent allocation order, pressure against wholesale price ceilings for fats and oils purchased by manufacturers is likely to be eased. Pressure against ceiling prices for finished products, however, will probably increase to the extent that consumer purchasing power rises.

Continued High Prices for Oilseeds in Prospect

A strong demand for domestic fats and oils is in prospect for 1943-44, and prices of domestic oilseeds probably will continue high. These observations are based on two assumptions: (1) that consumer purchasing power probably will continue at a high level in 1943-44; and (2) that exports are likely to continue large, while imports may be relatively small.

Production of cottonseed in 1942 exceeded 6.1 million tons, compared with an average of 5.9 million tons in recent years. The average yield per acre for the United States set a new record in 1942. Prices to growers for 1942-crop cottonseed will reflect the agreements made between cottonseed crushers and Commodity Credit Corporation, which provide for support of prices of cottonseed oil and meal by the Corporation and specified prices to be paid by crushers, f.o.b. gins, for cottonseed. With average quality seed and average ginners' margins, the season average price received by growers is expected to be close to $47.50.

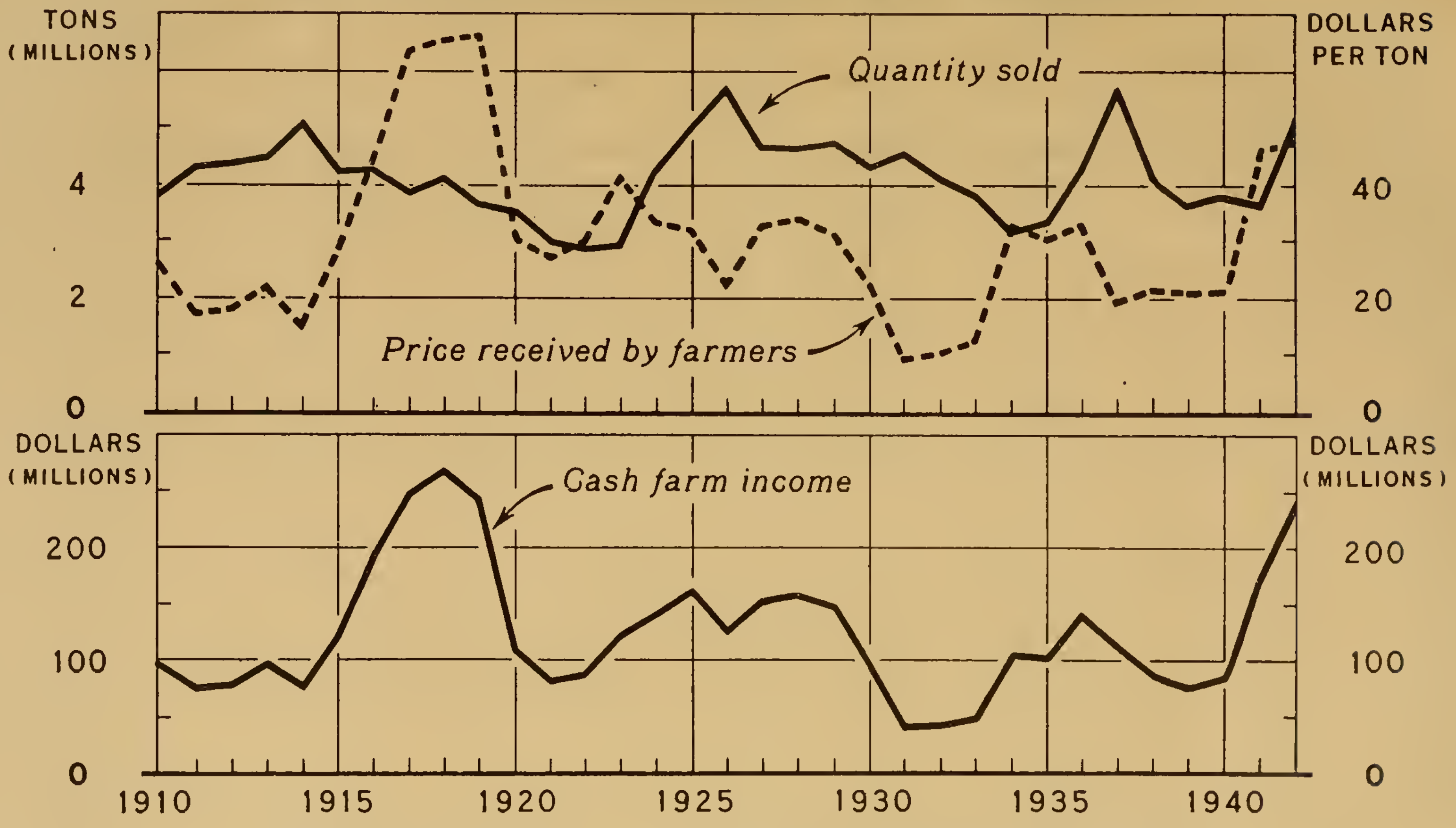
The acreage of peanuts picked and threshed in 1942 will be more than double the 1941 acreage. The quantity of peanuts available for crushing, after requirements of the edible peanut trade and needs for seed and local use are met, will be nearly 7 times as great as the average of recent years. In 1943, the acreage of peanuts picked and threshed will depend partly on the ratio between prices of hogs and prices of peanuts for oil, and perhaps to some extent on the ratio between cotton and oil peanut prices. With peanut oil and peanut meal at support levels, prices to growers for 1942-crop peanuts for oil probably will average about $85 per ton. Prices of quota peanuts are expected to average at least $131 per ton, the present support level.

Prices of 1942-crop soybeans are being supported by arrangements made between Commodity Credit Corporation and crushers. Under these arrangements, growers will receive the prices announced early in 1942 by the Department of Agriculture, ranging from $1.60 for green and yellow beans of high-oil content to $1.40 per bushel for brown and black beans of low-oil content, with discounts for beans grading under No. 2. Since the bulk of the beans produced are grown in the high-oil content area, the average price for the season throughout the country probably will be $1.55 to $1.60 per bushel.

Nearly 11 million acres of soybeans are being harvested for beans in 1942, compared with a production goal of 9 million acres. An unusually high percentage of the total acreage was allowed to mature for harvest as beans, largely because of excellent hay and pasture conditions. With normal conditions in 1943, farmers might find it necessary to cut a larger proportion of the soybean acreage for hay.

The 1942 domestic crop of flaxseed of 42.5 million bushels was the largest on record, exceeding the 1941 crop by 35 percent. The 1942 Canadian crop was also large, amounting to 17 million bushels, of which about 10 million bushels will be available for export to the United States. Sufficient supplies of flaxseed are in sight to meet anticipated requirements for linseed oil and to leave a substantial carry-over of flaxseed at the end of the crop year. If normal yields are obtained in 1943 and the same acreage is planted as in 1942, production would amount to about 35 million bushels. The season average price to growers for 1942-crop flaxseed probably will average close to $2.25 per bushel. Prices are being supported on the basis of $2.40 per bushel for No. 1 seed at Minneapolis by Government loans to farmers and through arrangements between Commodity Credit Corporation and flaxseed crushers.

COTTONSEED: SALES, PRICE, AND CASH INCOME, UNITED STATES, 1910-42

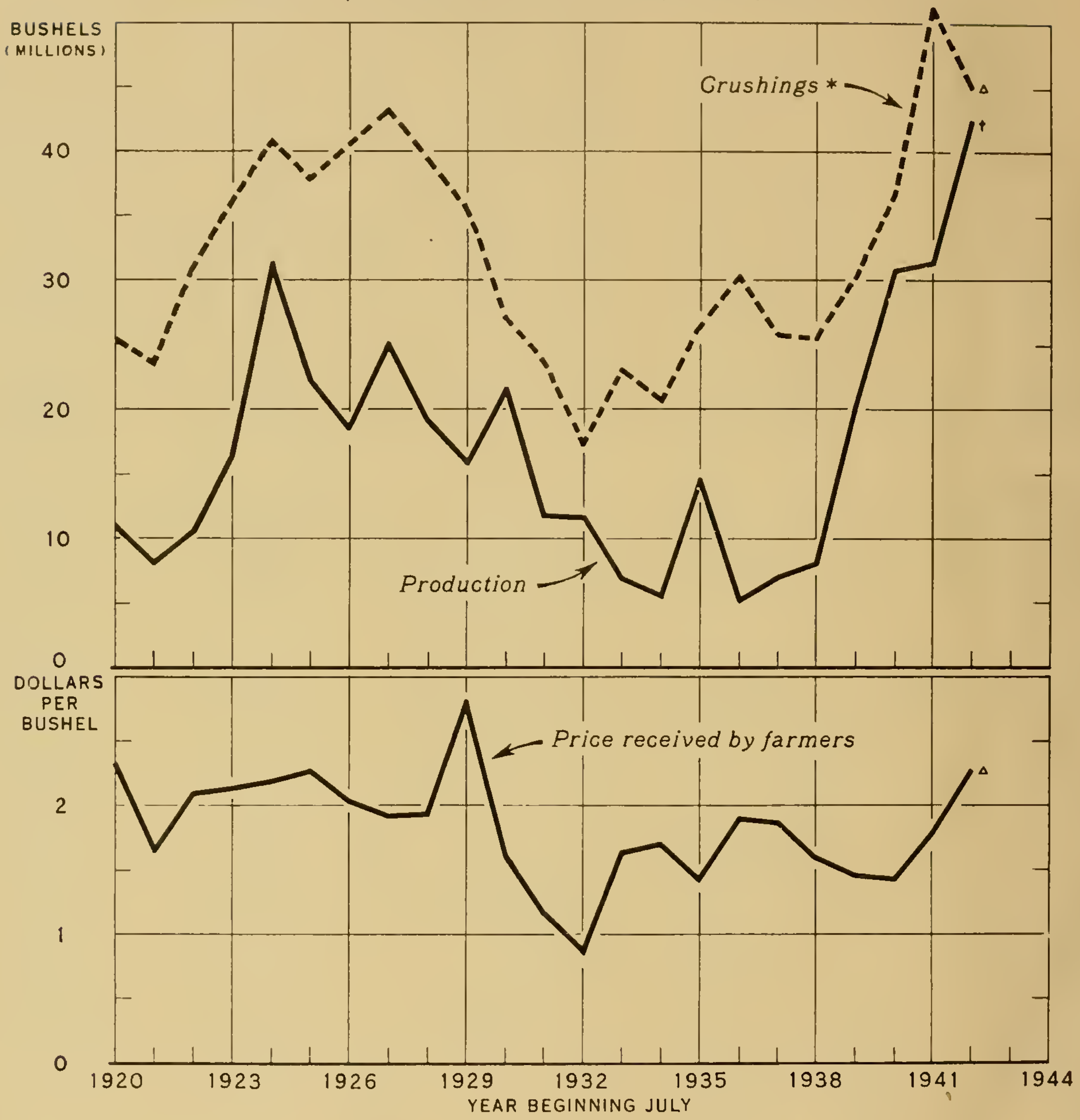


CALENDAR YEAR BASIS   DATA FOR 1942 ARE TENTATIVE ESTIMATES

U. S. DEPARTMENT OF AGRICULTURE   NEG. 38634 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 1.- WITH SALES OF COTTONSEED SUBSTANTIALLY LARGER IN 1942 THAN IN 1941 AND WITH PRICES REMAINING NEAR THE HIGH 1941 LEVEL, CASH FARM INCOME WILL BE THE LARGEST SINCE 1919. BEGINNING IN SEPTEMBER, PRICES TO FARMERS FOR 1942-CROP COTTONSEED ARE BEING SUPPORTED BY THE GOVERNMENT THROUGH ARRANGEMENTS MADE BETWEEN COMMODITY CREDIT CORPORATION AND COTTONSEED CRUSHERS.

FLAXSEED: PRODUCTION, CRUSHINGS, AND PRICE, UNITED STATES, 1920-42



* DATA FROM BUREAU OF THE CENSUS ᐞ ESTIMATE † PRODUCTION INDICATED SEPTEMBER 1

U. S. DEPARTMENT OF AGRICULTURE NEG. 38617 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 2.- PRODUCTION OF FLAXSEED WAS ABOUT 35 PERCENT GREATER IN 1942 THAN IN 1941, THE PREVIOUS PEAK YEAR. WITH GOVERNMENT SUPPORT MEASURES, THE AVERAGE PRICE TO FARMERS FOR 1942-CROP FLAXSEED PROBABLY WILL BE ABOUT 25 PERCENT ABOVE THE AVERAGE PRICE FOR THE SMALLER 1941 CROP. CRUSHINGS OF FLAXSEED IN 1941-42 REACHED A RECORD LEVEL OF 51 MILLION BUSHELS, REFLECTING MAINLY A HIGH RATE OF BUILDING ACTIVITY. IN 1942-43, CRUSHINGS MAY BE SOMEWHAT LESS. DOMESTIC FLAXSEED WILL CONSTITUTE A GREATER PROPORTION OF THE TOTAL CRUSH THAN IN ANY RECENT YEAR.

Table 4.- Production of animal fats and vegetable oils from domestic materials, and apparent domestic disappearance of all fats and oils, crude basis, United States, 1912, 1914, 1916-43

Year	Production from domestic materials			Apparent domestic disappearance, all primary fats and oils	
	Animal fats and oils (including marine)	Vegetable oils	Total	Total	Per capita 1/
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Lb.
1912	3,845	1,826	5,671	5,108	53.6
1914	4,040	2,220	6,260	5,953	60.1
1916	4,284	1,920	6,204	6,163	60.4
1917	3,845	1,821	5,666	6,103	59.0
1918	4,214	1,627	5,841	6,406	61.2
1919	4,441	1,809	6,250	6,198	58.9
1920	4,470	1,286	5,756	5,857	54.9
1921	4,858	1,654	6,512	6,013	55.3
1922	5,318	1,251	6,569	6,821	61.9
1923	5,923	1,296	7,219	7,295	65.1
1924	5,976	1,680	7,656	7,483	65.5
1925	5,428	2,092	7,520	7,900	68.1
1926	5,623	2,202	7,825	8,126	69.1
1927	5,648	2,312	7,960	8,308	69.7
1928	5,707	2,030	7,737	8,497	70.5
1929	5,832	2,062	7,894	8,750	71.8
1930	5,563	2,061	7,624	8,414	68.4
1931	5,702	1,838	7,540	8,363	67.4
1932	5,776	1,911	7,687	8,029	64.3
1933	6,093	1,720	7,813	8,201	65.3
1934	5,780	1,531	7,311	8,639	68.4
1935	4,567	1,612	6,179	8,658	68.0
1936	5,192	1,846	7,039	9,078	70.9
1937	4,866	2,133	6,998	9,227	71.6
1938	5,406	2,369	7,774	9,047	69.7
1939	5,870	2,340	8,211	9,630	73.6
1940	6,346	2,435	8,781	9,783	74.1
1941	6,569	2,812	9,381	10,981	82.4
1942 2/	7,242	3,379	10,621	10,500	78.3
1943 2/	7,920	4,057	11,977	3/ 10,300	76.4

Production computed from reports of the Bureau of Animal Industry, Bureau of Agricultural Economics, and Bureau of the Census. Total apparent domestic disappearance computed from data on production, trade, and stocks. Totals computed from unrounded numbers.

1/ Based on July 1 population.

2/ Forecast.

3/ Includes estimated civilian and military use under War Production Board General Preference Order M-71.

Table 5.- Cottonseed: Sales, price, and cash income, United States, 1910-42

Year	Quantity sold	Price per ton received by farmers	Cash farm income
	1,000 tons	Dollars	1,000 dollars
1910	3,805	26.06	99,169
1911	4,302	17.50	75,300
1912	4,376	18.10	79,229
1913	4,480	21.85	97,902
1914	5,052	15.27	77,174
1915	4,259	28.87	122,948
1916	4,286	44.99	192,834
1917	3,914	63.65	249,118
1918	4,112	65.38	268,874
1919	3,692	66.02	243,727
1920	3,540	30.82	109,106
1921	3,009	27.40	82,442
1922	2,898	30.13	87,330
1923	2,948	41.09	121,133
1924	4,218	33.29	140,429
1925	5,026	32.07	161,192
1926	5,709	22.39	127,834
1927	4,662	32.89	153,341
1928	4,660	33.99	158,420
1929	4,731	31.48	148,943
1930	4,337	22.42	97,234
1931	4,556	9.13	41,614
1932	4,110	10.26	42,180
1933	3,854	12.64	48,713
1934	3,210	32.51	104,331
1935	3,361	30.78	103,458
1936	4,259	33.23	141,519
1937	5,711	19.86	113,399
1938	4,122	21.51	88,670
1939	3,630	21.16	76,818
1940	3,806	21.65	82,398
1941	3,671	46.36	170,185
1942 1/	5,000	47.00	235,000

1/ Tentative estimate.

Table 6.- Flaxseed: Production, crushings, and price received by farmers, United States, 1920-42

Year beginning July	Production	Crushings	Season average price per bushel
	1,000 bushels	1,000 bushels	Dollars
1920	10,900	25,558	2.33
1921	8,107	23,505	1.65
1922	10,520	31,062	2.08
1923	16,563	36,201	2.12
1924	31,220	40,724	2.18
1925	22,334	38,037	2.26
1926	18,531	40,582	2.03
1927	25,174	43,243	1.92
1928	19,118	39,595	1.94
1929	15,924	35,504	2.81
1930	21,673	27,054	1.61
1931	11,755	23,700	1.17
1932	11,511	17,370	.88
1933	6,904	23,006	1.63
1934	5,661	20,720	1.70
1935	14,520	26,544	1.42
1936	5,273	30,340	1.90
1937	7,089	25,870	1.87
1938	8,152	25,569	1.59
1939	20,152	30,078	1.46
1940	30,886	36,645	1.42
1941	31,485	51,195	1/ 1.79
1942	2/ 42,513	3/ 45,000	3/ 2.25

Compiled as follows:

Production and price, Bureau of Agricultural Economics.

Crushings, Bureau of the Census.

1/ Preliminary.

2/ Indicated September 1.

3/ Partly estimated.

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Table 7.- Prices of specified oil-bearing materials, September 1940 and 1941, July-September 1942

Item	Unit	September 1940	September 1941	1942 July	1942 Aug.	1942 Sept.
		Dollars	Dollars	Dollars	Dollars	Dollars
Castor beans, Brazilian, f.o.b. Brazilian ports	Long ton	1/49.50	1/68.00	75.00	75.00	75.00
Cottonseed, U. S. farm price	Short ton	20.32	49.83	43.20	44.04	45.33
Flaxseed, No. 1, Minneapolis	Bushel	1.48	1.99	2.46	2.40	2.43
Flaxseed, U. S. farm price	"	1.31	1.85	2.28	2.26	2.24
Peanuts (for nuts and oil), U. S. farm price	100 lb.	3.38	4.49	5.59	5.99	5.69
Soybeans, No. 2 Yellow, Chicago	Bushel	.81	1.83	1.74	1.71	1.71
Soybeans, U. S. farm price	"	.69	1.61	1.62	1.58	1.57

Compiled from Oil, Paint and Drug Reporter, Daily Trade Bulletin (Chicago) Chicago Journal of Commerce, Daily Market Record (Minneapolis), and reports of the Bureau of Agricultural Economics.

1/ C. and f., New York.

Table 8.- Price per ton of specified oilseed meals, September 1940 and 1941, July-September 1942

Item 1/	September 1940	September 1941	1942 July	1942 Aug.	1942 Sept.
	Dollars	Dollars	Dollars	Dollars	Dollars
Copra meal, Los Angeles	19.25	39.60	49.50	50.10	52.40
Cottonseed meal, 41 percent protein, Memphis	24.95	39.75	35.40	35.20	35.60
Cottonseed meal, 41 percent protein, Chicago	31.55	45.65	41.30	41.10	41.35
Linseed meal, 34 percent protein, Minneapolis	24.45	39.00	35.40	34.75	36.00
Linseed meal, 32 percent protein, New York	25.50	33.20	33.75	35.60	35.20
Peanut meal, 45 percent protein, f.o.b. Southeastern mills	20.62	38.55	36.31	36.62	36.94
Soybean meal, 41 percent protein, Chicago	27.00	41.40	41.80	42.60	43.50

Compiled from records of the Agricultural Marketing Administration.

1/ Bagged, carlots.